

**BUDGET SPEECH BY CLLR. VICTOR EBUSETSANG
MAKOKE, MAYOR OF GA-SEGONYANA LOCAL
MUNICIPALITY- 31 MAY 2010**

The Honorable Speaker

Fellow Councillors

The Municipal Manager

The delegate representing Chief Jantjie

Managers, Deputies and Officials

Ladies and Gentlemen

Members of the Communities

Dumelang, Goeiemore, Good-morning, Madam Speaker once again thank you for giving me this opportunity to present the final budget and IDP for the term of this council 2010/2011.

Dear councilors hopefully this is not our last budget/idp council gathering, we will be able to come back after the local government elections in 2011 to continue rendering services for our communities.

Madam Chair, the budget estimates for *the 2010/2011 financial year* is R147 669 079-00, we are also encouraged to see our communities coming in numbers during our Budget/IDP consultative meetings. Madam Chairperson the allocation from national government is as follows, our equitable share is at R48 470 000-00,

DWAF is R2 125 000-00, MSIG R750 000-00, FMG is R1 200 000-00, EPWP R870 000-00, MIG R24 958 000-00, DME R2 500 000-00 and Library development from Northern Cape Province R360 00-00, our total grants is R81 233 000-00.

Councilors our budget/IDP document highlights challenges we have in the Municipality in terms of providing basic services. The estimated total allocation required to address the Municipal backlogs is R157 billion which encompasses Roads, Water, Sanitation, Housing and Electricity. These backlogs escalate on a daily basis due to the unplanned, unsystematic land allocations by the Traditional Councils.

Councillors one should admit that during budget/idp meeting communities are clearly not happy with the progress we have made in terms of rendering effective service delivery; however one should acknowledge that with our limited budget we are unable to meet these challenges.

However, honorable chairperson the municipality has comparatively achieved tremendous developments in implementing its priorities as identified by different communities during our annual Budget and Integrated Development Programme, (IDP) consultation meetings.

Madam chair some of the challenges of the municipality are not only about service delivery, but also encompass demarcations of wards, communities are still clustered in a way that hampers effective and efficient service delivery.

Villages are distant from one another, you have an instance where communities are more in ward that the acceptable norm and most importantly the need for

communities to be informed about key municipal processes, especially the budget and IDP.

We are hopeful that with the new proposal of increasing our wards this will help in accelerating the provision of services, as our council will also increase to 25.

Councilors these are the Projects that have been approved for the 2010/11 financial Year:

	Vergenoeg water feasibility	R 299,008.48	9
	Maruping water feasibility	R 2,573,778.00	9
	Vergenoeg VIP	R 2,306,435.48	9
	Highmast lights ward 1-9	R 2,361,493.27	1-9
	Mapoteng water supply	R 76,709.79	4
	Bulk Water Storage	R 8,690,400.00	1&2
	Mothibistad Phase 2 Water	R 2,623,571.82	3
	Batlharos RDP Electricity	R 500,000.00	8
	Mapoteng Infills Electricity	R 500,000.00	4
	Seven miles Water	R 2,000,000.00	6
	Community Hall: Kagung	R 3,446,241.37	4
	Community Hall: Ncweng	R 3,446,241.37	7
	Community Hall: Batlharos	R 3,446,241.37	8
	Gantatelang water	R 1,667,886.50	5
	Bankhara-Bodulong 235 Housing	R 16,492,140.03	2
	4500 Housing Project	-	1-9
	Gamopedi Clinic	R 8,000,000.00	7
	Greening of Ga-Segonyana	R 14,000,000.00	1-9
	Vegetable Garden/Seeding Women Forum	R 150,000.00	6
	Itsoseng vegetable Garden/ Ditshoswaneng	R 150,000.00	4

	Bankhara-Bodulong Drop-in Centre	R 288,000.00	2
	Bankhara-Bodulong Drop-in Centre	R 52,000.00	2
	Thusana HBC/ Seven Miles(Soup Kitchen)	R 85,000.00	6
	Kandellar Welstn/ Wrenchville(Soup Kitchen)	R 66,000.00	2
	Indalwo Yethu	R 32,000,000.00	1-9
	455 sites Bankhara-Bodulong Electrification	R 2,700,000.00	2
	TOTAL VALUE OF PROJECTS	R 112,647,298.18	

Councilors, management, officials and communities have a collective responsibilities of ensuring that these projects are fully implemented, these projects should be the function of the municipality, let us ensure that the hundred and twelve million allocated for the implementing of this priorities is well spent and its outcome will come a long way in changing the of the people for the better.

The persistent challenge is the migration of people from rural areas into our wards. It is common practice, madam chairperson that people migrate to areas closer to their workplaces, where the mainstream economy is, where better infrastructure is in place, however this has a negative implications to us, even in our Spatial Development Framework.

This poses a tremendous challenge in terms of the provision of bulk services, new residential settlements have mushroomed, and this has put a strain in providing services to the current demand of our community.

We have ever growing demands in our diverse communities, comparatively our budget have increased with nearly eighteen million from the current ***2009/2010 budget of R129 691 284-00*** (hundred and twenty nine million, six hundred and ninety one thousand two hundred and eight four.

With the visit of the parliamentary oversight committee last week, it is evident that Madam chair that we need to correct the manner in which we handle our financial management.

Madam Chairperson, the matters of mayor concerns raised in the Auditor General's report includes bank reconciliation, fixed asset register, revenue rates, expenditure, receivables and generally the financial management of the municipality, madam chair, I propose that there should be a formal progress report that should be tabled to every council regarding the 20 items that were raised by the Auditor General.

The municipality is currently owned almost twenty three million in debts, Honourable councilors, Governmnet departments and schools are own wing R2,9 million, businesses sector R2,7 million, households R14 million, and the bulk of these outstanding debts is from Mothibistad and sundry debtors is R3 million.

The debt collection of the municipality has embarked on a process of cutting services for those who have outstanding debts and there have been a tremendous improvements from the business sector from R5 million to R3 million currently.

In my conclusion, I would like to thank all the officials, management, councilors, CDW's, ward committees and communities who were involved in process of drafting this budget and idp. Thank you Madam Speaker.

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1. Budget Related Resolutions

COUNCIL
BUDGET 2010/11 AND IDP FOR 2010/11
6.1.1 2010/11 (Acting Manager Financial Services)

2010-05-31

In terms of section 17(3) of MFMA, Act 56 of 2003, the budget must be tabled 30 days before the start of the financial 2009/10. The Mayor should table the budget and the reviewed IDP simultaneously. In accordance with Chapter 4 of the Municipal Systems Act the budget and IDP must be made public after tabling.

Attached find the following:

- Budget for 2010/11 -
- Reviewed IDP 2010/11
- MIG project list
- Capital Budget
- Tariff schedule
- Credit/Debt and Indigent Policy
- Municipal Property Rates Act Policy

RECOMMENDATIONS

1. That Council approves budget for 2010/11 as set out in Annexure 1 and 2 and the reviewed IDP
2. That the capital budget and MIG project list be approved
3. That revenue by source be approved
4. That the operating expenditure by vote be approved
5. That the tariff schedule for the property rates; water, electricity and other municipal services be approved
6. That the following policies: Credit Control and Debt Collection; Municipal Property Rates Act and Indigent be approved for 2010/11
7. That council approves 2010/11 budget in terms of section 24 of the MFMA and section 160 of the constitution of South Africa.

8. That the above mentioned policies be implemented as from 01 July 2010
9. That the Final budget and reviewed IDP be submitted to both National and Provincial Treasury
10. That Council adopt consolidated billing.

2. The Budget

2.1 Executive Summary

On 31 March 2010 the first draft of the Capital and Operating budget for 2010/11 was considered and adopted by Council. In accordance with the Local Government: Municipal Systems Act (Act 32 of 2000) and the Municipal Finance Act (Act 56 of 2003), Council is required to consider and approve the Capital and Operating budget for 2010/11 as well as the (indicative) budgets for 2011/12 and 2012/13 financial years.

For indigent households, the threshold to qualify for equitable share is an income of less than R3 240 and two state pensioners in a household do qualify.

Road shows were held to involve the communities from the 13th to 20th May 2009 and where possible, suggestions were accommodated.

LINKAGE TO THE IDP

IDP is aligned to the five KPA's for Local Government which is also expressed in the Vision and Mission statement of the municipality.

Application of Policies

The following increases are applied:

Electricity

- ✓ Electricity has been increased by 7.30% for poor/lifeline user and 15.33% for all other electricity tariffs as per guidelines received from Nersa. An application for Nersa approval of electricity tariffs has been submitted. The date for the approval of the applications will be 31 May 2010.
- ✓ For salaries, wages and allowances for officials, provision was made for an increase of 7.7% based on SALGA Salary and Wage Collective Agreements 2009/10 to 2011/2012, the inflation rate to be used for calculating wage increases is the average CPI % for the period 1 February 2009 until 31 January 2010, plus 1.5%. According to Statistics SA the historical CPI for the mentioned period is 6.2% plus SALGA addition of 1.5%. Consequently, National Treasury suggests that municipalities use 7.7 % as a benchmark for determining wage increase for the 2010/11 financial year. Remuneration packages for Councillors are according to the Government gazette no 32833, Volume 534 No 9212 as issued by the Minister of Local Government dated 21 December 2009.

- ✓ For Section 57 and 56 managers an increase of 7% has been made linked to a cost-of-living based on the market indicators which is not performance based. Reference: Government Gazette No. 29089 of 1 August 2006 Chapter 2 Section 7, Subsection4.
- ✓ Remuneration packages for Councillors are according to the Government gazette no 32833, Volume 534 No 9212 as issued by the Minister of Local Government dated 21 December 2009.

2.2 Budget Schedule (Operating and Capital)

Refer to Annexure1

2.3 Budget Related Charts and Explanatory notes

Refer to Annexure 1 & 2

3. Supporting Documentation

3.1 Budget Process Overview

The Budget process is governed by legislation, in particular:

- Municipal Systems Act
- Municipal Finance Management Act

The IDP process was completed last year in line with the requirement of the MFMA. In February the Departments were requested to prepare their draft budgets in line with the IDP. During March 2010, Management undertook an extensive process of interrogating the Budget proposals by different Departments as well as ensuring that the consolidated budget is aligned to the key priorities as encapsulated in the IDP.

Councillors were work-shopped on the 30th March 2010 on these two Strategic Plans. This has ensured maximum participation of our Honourable Councillors in compilation of these Plans so that upon completion, Councillors would be well informed what the two Plans entails, this will also make it easy for our Politicians to exercise their political oversight role since they would have been part of the whole process from the initial stages. Both the draft budget and IDP as so required by the MFMA were to be presented to the Mayor who in turn tabled them before Council, as Drafts on the 31st March 2010.

Within seven days after the approval of the Draft budget and IDP, in terms of the MFMA, these two Strategic Plans were advertised for 21 days for community inspection as a way of community participation. The final budget will be tabled on the 31 May 2010.

Community Participation Process

Also as part of encouraging and ensuring public participation, as so required by relevant legislation, road shows were held from the 13th to 20th May 2010 in the nine wards to inter-alia:

- Get community inputs;
- Ensure a better understanding of community needs;
- Improve accountability and responsiveness to the needs of our local community at large;
- To create a platform where Government is accountable to its Constituency, thereby entrenching the Batho- Pele Principles; and
- Make the IDP and Budget accessible to the residents of Ga-segonyana;

3.2 Alignment of Budget with IDP

Refer to Annexure 2, table 1 & 2

3.3 Budget related policies

The budget related policies such as Indigent (Appendix A), Tariff Policy and Tariff Schedule (Appendix B), Credit control and Debt Collection (Appendix C) policies contents were reviewed. The threshold for the indigent is calculated at 3 times monthly pension social grant which is R3 240. This means a couple receiving pension as well as child grant will qualify for indigence.

Municipal Property Rates Act implementation process

The interim valuation roll was advertised on the 13th and 27th May 2010 and the due date of objection is 25th June 2010 as required by the Municipal Property Rates Act and will be implemented effective from 01 July 2010. Attached find the reviewed Property Rates Act for approval.

3.4 Budget Assumptions

- Reviewing the external factors – there is a high demand of development of businesses and new residential areas which will have an impact on the income.
- The interim valuation roll must be implemented according to the MPRA 2004. However, the first R25 000 on Residential property per household will be exempted and the indigent qualifies for exemption subject to application.
- Price movements of bulk purchase – electricity tariff is increased by 7.30% for poor lifeline users and 15.33% for bulk users based on information received from National Treasury.
- During the month of November 2009 the Municipality with the assistance of Community Development Workers (CDW's) embarked on a process of verifying indigents who were identified by 500 matriculants to ensure that free basic services are given to the correct beneficiaries which will in turn improve the Municipality's income.
- R15, 286, 740 loans for capital projects from DBSA has been approved. This will enable the Municipality to deliver on its programmes.
- Plans and budgets of different spheres of governments have been taken into consideration when a draft budget was compiled.
- Collection rate: Currently the municipality collects only in Kuruman town and Wrenchville, there is a challenge to collect at Mothibistad as ESKOM and Sedibeng are the suppliers of services. However, the Municipality has appointed Credit Works to enforce collection at Mothibstad. The other challenge is to collect from ward 4-9, as those areas are rural and there is no billing system in place and also the areas are under the Chieftancy.

3.5 Funding the budget

This gives an indication of the Municipality's overall budget as well as sources of funding.

SUMMARY: INCOME AND EXPENDITURE

The following summary of the operational budget shows the income and expenditure under the different subheadings:

	Budget 2010/11 R	% of total Expenditure
Income	147 669 079	
Expenditure		
Salaries & Allowances	47 618 686	32,25
General expenses	83 030 452	56,23
Repairs and maintenance	21 446 303	14,52
Capital costs	3 826 880	2,59
Contributions to funds	(10 339 822)	(7,00)
New connections	90 840	0,06
Contributions to Capital	1 995 740	1,35
Total Expenditure	147 669 079	100,00
Surplus/(Deficit)	-	-

ADDITIONAL CONTRIBUTIONS TO FUNDS

The following provisions are made:

✓ Accumulated Leave Reserve	R 1 034 030
✓ Irrecoverable Debt Reserve	R 298 470
✓ Accumulated depreciation	R (11 672 322)

REVENUE ALLOCATIONS

The total allocation from the following services (with the increase as indicated) will be as follows:

Consumer services	2009/10	2010/11
Water	R19, 953, 796	R 20, 746, 523
Electricity	R 54, 273, 646	R 66, 769, 709
Sewerage	R 10, 616, 686	R 10, 983, 558
Refuse removal	R 6,945, 450	R 10, 567, 642
Sanitation	R 2, 550, 060	R 3,178, 680
Assessment rates	R 14, 588, 566	R 15, 500, 000
Other Income	R 20,763.080	R 17, 050, 876
Total	R129 691 284	R147 669 079

4. GRANTS

The following grants were gazetted and are reflected in the budget:

Operational Budget

National Government:

Equitable share	R 48 470 000
DWAF	R 2 125 000
MSIG	R 750 000
FMG	R 1 200 000
EPWP	R 870 000

Northern Cape Province:

• Library Development	R 360 000
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Capital Budget

MIG	R 24 958 000
DME	R 2 500 000

Total Grants **R81 233 000**

EQUITABLE SHARE

The equitable share of R48 470 000 is allocated as follows:

<u>DESCRIPTION ITEM</u>	<u>AMOUNT</u>
Council	020
Water	380
Electricity	410
Sewerage	420
Cleansing	480
Sanitation	485
Institutional grant	

DBSA loan

Projects amounting to R15, 286, 740.00 have been identified:

- Refer to Capital Budget (Page 16-18)

3.6 Disclosure on Salaries, Allowances and Benefits

Remuneration package for section 57 managers

Description	Municipal Manager	Financial services manager	Corporate Admin Manager	Technical services manager	Community Service Manager
Package	853 860.00	683 088.00	683 088.00	683 088.00	683 088.00
TOTAL	853 860.00	683 088.00	683 088.00	683 088.00	683 088.00

REMUNERATION PACKAGES FOR COUNCILLORS

MAYOR (CHAIRPERSON) FULL-TIME)	2010/11	
Total remuneration	555 008.00	
Salaries	416 256.00	
Cellphone allowance	171 00.00	
Travelling allowance	138 752.00	
Housing allowance	38 2 46.00	
Total salary per annum	610 354.00	
Benefits		
Pension 15%	63 438.40	
Medical Aid	17 280.00	
Total maximum per annum	80 718.40	
SPEAKER (FULL-TIME)		
Total remuneration	444 005-00	
Salaries	333 004-00	
Cellphone allowance	171 00-00	
Travelling allowance	111 001-00	
Housing allowance	382 46-00	
Total salary per annum	499 351-00	
Benefits		
Pension 15%	499 50-60	
Medical Aid	172 80-00	
Total maximum per annum	627 30-60	
EXECUTIVE COMMITTEE (PART-TIME)		X 3 councilors
Total remuneration	228 940-00	686 820.00
Salaries	171 705-00	515 115.00

Cellphone allowance	10 668-00	32 004.00
Travelling allowance	57 235-00	171 705.00
Total salary per annum	239 608-00	718 824.00
Benefits		
Pension 15%	25 755-75	77 267.25
Medical Aid	17 280-00	51 840.00
Total maximum per annum	43 035-75	129 107.25

COUNCILLORS (PART-TIME)		X 13 councilors
Remuneration package	166 501-00	2 164 513.00
Salaries	124 876-00	1 623 380.00
Cellphone allowance	10 668-00	138 684.00
Travelling allowance	41 625-00	541 125.00
Total salary per annum	177 169-00	2 303 197.00
Benefits		
Pension 15%	18 731-40	243 508.20
Medical Aid	17 280-00	224 640.00
Total maximum per annum	36 011-40	468 148.20

Note: Benefits are included in the remuneration package – for all Councillors.

3.7 Monthly Cash Flow

Refer to Annexure 4, supporting table 9

3.8 Measurable Performance Objectives

The information will be submitted to the Mayor by 18 June 2010.

3.9 Disclosure on Implementation of MFMA & Other Legislation

The promulgation of the Municipal Finance Management Act 56 of 2003) has without doubt, enhanced efficiency and control measures to local government in terms of budgeting monitoring and accounting of public funds. The MFMA has created a profound effect on the local government

operations that required transformation in financial discipline and planning processes. The draft budget preparation for 2010/11 has surpassed most of these key requirements.

The MFMA has created clear standards of operating for local government that complies or conforms to the International Standards of reporting. The municipality's reporting to Provincial Treasury has not been fully complied with. The monthly reports to Provincial Treasury have been submitted on time. The quarterly returns have not been submitted on time, however in future this will be corrected to comply with legislation.

In its endeavors to comply with the MFMA, Council has an approved Supply Chain Management Policy. The policy was developed as per the guidelines provided by the National Treasury, so that it can achieve the prescribed results of regulating the Supply Chain Management environment within the municipality.

3.10 Summary of Detailed Capital Plan

MIG	2008/2009	2009/2010	2010/2011	2011/2012
ITEM				
Batlharos water reticulation phase 5	R 3,140,699.20	R0.00	R233, 974.57	R5,475,000.00
Bankhara-Bodulong outflow sewer	R 347,786.43		R0.00	R 0.00
Maruping - Vergenoeg road	R 150,000.00		R 0.00	R13,208,341.80
Batlharos-Vergenoeg	R 61,500.00	R0.00	R 0.00	R12,506,428.19
Gantatelang	-	-	R 1,667,886.50	R 87,783.50
Kuruman waste water treatment (Upgrading of Kuruman sewer pump station)	R 242,619.29		R0.00	R 0.00
Kagung and Ditshoswaneng road	R 0.00	R 0.00	-	-
Mothibistad sewer connection to Kuruman	R 0.00	R 0.00	R 0.00	
Magojaneng: Water network	R 5,688,551.00	R5,503,435.40	R 0.00	R3,000,000.00
Water project for Seoding	R 4,273,979.00	R1,940,014.81	R 204,178.20	R0.00
Magojaneng and Seoding water ext			R309,256.36	R4,047,040.00

Pietbos network Water	R 205,647.67	-	-	-
Vergenoeg Water	R0.00	-	R 299,008.48	-
Maruping water network	R0.00	-	R 2,573,778.00	-
Geelboom network Water	R 40,580.35	-	-	-
Kagung Water	-	-	-	R 3,00,000.00
Vergenoeg VIP	R0.00	R2,028,118.15	R278,317.33	-
Bankhara Bodulong sewer phase 2	-	-	-	R4,000,000.00
Ward 7 VIP (excluded Ncweng, Gamopedi & Sedibeng)	-	R1,706,310.00	R 534,893.69	R 150,000.00
Landfill sites	R 206,328.00	-	-	-
High mast lights ward 1-9	R2,000,000.00	R2,780,983.59	R 2,231,000.00	R 11,000,000.00
Mapoteng water supply	-	R 1,601,066.20	R 76,709.79	R 0.00
Mapoteng water extension	-	-	-	R 4,529,823.22
Mothibistad water supply Phase 1	-	R 3,833,414.94	R 571,877.48	-
Mothibistad Phase 2	-	R 2,139,418.43	R2,623,571.82	R 14,078,333.57
Mothibistad Phase 3	-	-	-	-
Ditshoswaneng water supply	-	-	-	R 2,500,00.00
Seven Miles	-	-	R2,038,867.67	R 6,090,893.57
Community hall : Kagung	-	-	R 3,396,241.37	R 181,381.13
Community Hall : Ncweng	-	-	R 3,396,241.37	R 181,381.13
Community Hall Batlharos	-	-	R 3,396,241.37	R 181,381.13
Bankhara-Bodulong water	-	-	-	R 8,311,247.00
PMU	R 740,000.00	R 212,122.12	R 982,670.00	R 1,400,000.00
TOTAL VALUE OF PROJECTS	R 17,097,690.93	R 21,744,883.64	R 24,958,000.00	R 94,429,034.23
APPROVED MIG ALLOCATION	R 16,500,000.00	R 21,484,000.00	R 24,958,000.00	R 30,017,000.00

CAPITAL Budget 2010/2011

VOTE	DETAILS	FINANCING		CAPITAL COST			
		PERIOD	INT RATE	ESTIMATE	INTEREST	REDEMPTION	TOTAL
310	Equipping of boreholes	20	9%	2,000,000	180000	50000	230000
	Servicing of stands - Kuruman	20	9%	1,000,000	90000	25000	115000
	Kuruman resevoir	20	9%	4,500,000	405000	112500	517500
	TOTAL			7,500,000	675,000	187,500	862,500

330	Upgrading of gravel roads: Ward 4 - 9	20	9%	1,000,000	90000	25000	115000
	TOTAL			1,000,000	90,000	25,000	115,000

410	Lightning protector	5	9%	200,000	18,000	20000	38000
	Generator	5	9%	500,000	63,000	50000	95000
	TOTAL			700,000	81,000	70,000	133,000

Roads & S/Water	3 Ton Truck to maintain tarr roads-currently using tractor and trailer	5	9%	600,000	54,000	60,000	114,000
	TOTAL			600,000	54,000	60,000	114,000

SECTION	DETAILS	FINANCING		CAPITAL COST			
		PERIOD	INT RATE	ESTIMATE	INTEREST	REDEMPTION	TOTAL
Parks	Tractor and Trailor for all parks	5	9%	500,000	45,000	50,000	95,000
	TOTAL			500,000	45,000	50,000	95,000

Water	Distribution board - Wrenchville resevoir pump station	20	9%	90,000	8,100	2,250	10,350
	Seoding Pump Station`	20	9%	160,000	14,400	4,000	18,400
	Boreholes Bankhara/Bodulong	20	9%	200,000	18,000	5,000	23,000
	Chlorine pump station - 6ml reservoir/W/ville	20	9%	200,000	18,000	5,000	23,000
	TOTAL			650,000	58,500	16,250	74,750

Electricity	Yard light - Kuruman sewage plant	20	9%	150,000	13,500	3,750	17,250
	TOTAL			150,000	13,500	3,750	17,250

Sewerage	Aerators - Kuruman Sewage treatment plant	20	9%	786,000	70,740	19,650	90,390
	TOTAL			786,000	70,740	19,650	90,390

Cleansing	Replace 1 25yr old refuse trucks	5	9%	900,000	81,000	90,000	171,000
	TOTAL			900,000	81,000	90,000	171,000

Fire	Fire truck	20	9%	2,500,000	225,000	62,500	287,500
	Total			2,500,000	225,000	62,500	287,500

	TOTAL DBSA LOANS			15,286,740	1,393,740	580,900	1,960,390
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MIG PROJECTS	24,958,000
DME – ELECTRIFICATION OF 450 HOUSES BANKHARA	2,500,000
OFFICE FURNITURE AND APPLIANCES	<u>1,995,740</u>
TOTAL CAPITAL BUDGET	<u>47,740,480</u>

CAPITAL Budget 2010/2011

VOTE	DETAILS	FINANCING		CAPITAL COST			
		PERIOD	INT RATE	ESTIMATE	INTEREST	REDEMPTION	TOTAL
310	Equipping of boreholes	20	9%	2,000,000	180000	50000	230000
	Servicing of stands - Kuruman	20	9%	1,000,000	90000	25000	115000
	Kuruman resevoir	20	9%	4,500,000	405000	112500	517500
	TOTAL			7,500,000	675,000	187,500	862,500

330	Upgrading of gravel roads: Ward 4 - 9	20	9%	1,000,000	90000	25000	115000
	TOTAL			1,000,000	90,000	25,000	115,000

410	Lightning protector	5	9%	200,000	18,000	20000	38000
	Generator	5	9%	500,000	63,000	50000	95000
	TOTAL			700,000	81,000	70,000	133,000

Roads & S/Water	3 Ton Truck to maintain tarr roads- currently using tractor and trailer	5	9%	600,000	54,000	60,000	114,000
	TOTAL			600,000	54,000	60,000	114,000

SECTION	DETAILS	FINANCING		CAPITAL COST			
		PERIOD	INT RATE	ESTIMATE	INTEREST	REDEMPTION	TOTAL
Parks	Tractor and Trailor for all parks	5	9%	500,000	45,000	50,000	95,000
	TOTAL			500,000	45,000	50,000	95,000

Water	Distribution board - Wrenchville resevoir pump station	20	9%	90,000	8,100	2,250	10,350
	Seoding Pump Station`	20	9%	160,000	14,400	4,000	18,400
	Boreholes Bankhara/Bodulong	20	9%	200,000	18,000	5,000	23,000
	Chlorine pump station - 6ml reservoir/W/ville	20	9%	200,000	18,000	5,000	23,000
	TOTAL			650,000	58,500	16,250	74,750

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Electricity	Yard light - Kuruman sewage plant	20	9%	150,000	13,500	3,750	17,250
	TOTAL			150,000	13,500	3,750	17,250

Sewerage	Aerators - Kuruman Sewage treatment plant	20	9%	786,000	70,740	19,650	90,390
	TOTAL			786,000	70,740	19,650	90,390

Cleansing	Replace 1 25yr old refuse trucks	5	9%	900,000	81,000	90,000	171,000
	TOTAL			900,000	81,000	90,000	171,000

Fire	Fire truck	20	9%	2,500,000	225,000	62,500	287,500
	Total			2,500,000	225,000	62,500	287,500

	TOTAL DBSA LOANS			15,286,740	1,393,740	580,900	1,960,390
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MIG PROJECTS	24,958,000
DME – ELECTRIFICATION OF BANKHARA	2,500,000
OFFICE FURNITURE AND APPLIANCES	<u>1,995,740</u>
TOTAL CAPITAL BUDGET	<u>47,740,480</u>

GA-SEGONYANA MUNICIPALITY

POLICY: CREDIT CONTROL AND DEBT COLLECTION

1. RESPONSIBLE AUTHORITY

- 1.1 The Council is responsible and should review the performance of the Municipality to endeavour to improve the efficiency of the credit control and debt collection services.

- 1.2 The delegated officials to assist the Council accomplish its responsibilities are the Municipal Manager, Financial Manager and officials appointed in the Debt Collection Section.

1.3 Municipal Manager

It is the responsibility of the Municipal Manager to report bi-monthly to the full Council on the status of debtors and action taken against them. Further more, the Municipal Manager must ensure that obligations under its by-laws and decisions by the Council are enforced by the Municipality Administration.

1.4 Ward Committees

The communication channel between Council and the public and Ward Committees should on a very regular basis be informed where the level of indebtedness exceeds the levels prescribed by the Council and who then also should make recommendations for improvement to Council. The Committee should comprise of the Ward Councillor and at least two members representing the community, which should be identified as Ward/Zonal Leaders.

No Councillor or any individual is allowed to influence either the Municipal Manager or Manager Finance and/or municipal official not to enforce an obligation in terms of this policy and by-laws and if found guilty, may lose his/her Council position.

1.5 Obligation to measure

The Council must ensure that every Municipal service provided to a consumer could either be metered or estimated or allocated at regular intervals and establish a charge or tariff for the service.

1.6 Agreement

Before supplying of a service, a consumer must enter into a contract of agreement, which should provide for the deposit to be paid as security. Notwithstanding the above. All debtors of any kind are obliged to honour their debts. The deposit is established in terms of the reviewed tariff structures for compiling the budget on a year to year basis.

ALL SERVICE PROVIDERS OUR BASIC SERVICES, NAMELY SEDIBENG WATER AND ESKOM MUST APPLY OUR CREDIT CONTROL AND DEBT COLLECTION POLICY.

1.7 Control over deposits of security

Deposits received must be reviewed annually and a register should be maintained. the total sum of deposits received shall constitute a short-term liability in the books of the Municipality. No interest shall accrue in favour of the depositors thereof. Upon termination of the debtor's agreement with the Municipality, the deposit shall/will first be offset against any outstanding balance (if any) to be refunded to the consumer.

1.8 Rendering of accounts

Although Municipalities must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay the amount. Accounts must reveal the following:

- a) Details of the consumption for a certain period of each service either by measuring, estimating or allocation.
- b) The amount due in terms of consumption.
- c) The amount due for each remaining service.
- d) Other amounts due.
- e) The amount due for property tax.

1.9 Final date of payment

1.9.1 Consumer Services Accounts

The invoice/account must state the final date of payment, which must not be later than the 15th of the following month after date of the invoice.

A penalty of 10% is charged for late payments of services accounts.

1.9.2 Assessment Rates Accounts

The invoice/account must state the final date of payment which must not be later than 30 September each year for property owners paying assessment rates levied as an annual single amount and for property owners paying assessment rates levied in 11 equal monthly instalments not later than the 15th of the following month after date of the invoice to be paid in full on the 15th May of each year.

2. **CREDIT CONTROL**

2.1 Purpose

The purpose is to ensure that credit control forms an integral part of the financial system of the Municipality, and ensure that the same procedure be followed for each individual case.

Arrears

An amount due after the final due date for payment, shall be an amount in arrears, the account following the month when the arrears occurred, should reflect the amount in arrears.

2.2 Action after failure to pay

2.2.1 If a debtor fails by the demand date –

2.2.1.1 to pay the arrears amount

2.2.1.2 to lodge an appeal (query the amount of the account)

2.2.1.3 to conclude an agreement with the Municipality for payment of the arrears in instalments.

2.2.2 the Municipality may without further notice –

2.2.2.1 immediately disconnect, discontinue or restrict the supply of electricity to the debtor for both services and property rates accounts.

2.2.2.2 institute legal action for the recovery of the arrears amount within a period not exceeding thirty days from the demand date.

2.2.2.3 The debtor will be liable for all costs incurred in respect of the legal action taken against him/her including the commission charged by the debt collector.

2.3 Right of access

Municipal officials have the right of access to any property occupied by a debtor for the purposes of reading or inspecting meters or connections or to disconnect, discontinue or restrict supply of any service.

2.4 Right of appeal

An appeal must be submitted in writing to the Municipal Manager prior to the final due date for payment of the contested amount, and must contain details of the specific item(s) on the account which are the subject of appeal, with full reasons.

2.5 Payment during appeal

Once an appeal is lodged, the debtor's obligation to pay that portion of the total amount due represented by the items appealed against is suspended until the appeal has been finalised. The debtor must however immediately pay the balance of the account together with an amount representing the average cost of the item appealed

against over the preceding three months, or an amount determined by the Municipal Manager. In the meantime, the debtor will remain due and liable for all other amount falling due during the adjudication of the appeal.

2.6 Adjudication of appeal

2.6.1 If the appeal is in respect of a metered consumption, the metered instrument must be tested, within 14 days of lodgement of appeal to establish the accuracy thereof.

2.6.2 The debtor should be informed in writing of the results of the test of the instrument, and of any adjustment to the amount due by him, together with the costs of the test for which the debtor will be liable if no error could be found with the instrument. If a faulty meter or instrument is revealed, the Municipality will bear the costs thereof.

3. **EXTENSION FOR PAYMENT**

3.1 Policy

3.1.1 Assessment Rates

The Financial Manager may/can arrange that the property owner pay the outstanding amount in eleven equal consecutive monthly instalments payable in full by 30 June each year or yearly in one instalment payable by 30 September of the year wherein the new assessment rates became taxable and payable.

3.1.2 Consumer services and other debtors

The Financial Manager may/can arrange that the debtor pay the outstanding amount in equal monthly instalments over a period not exceeding 24 months.

3.1.3 Interest must be charged on the arrears debt mentioned in 3.1.1 at a rate of 1% above prime rate.

3.1.4 Other measures for extended repayment periods can also be dealt with by the Financial Manager as set out in 3.5 below.

3.2 Dedicated reserve

A reserve for the purpose of funding amounts due in terms of extended payment agreements must be formed. Such reserve must annually set aside in the revenue estimates an amount not more than 5% of the operating income of the Municipality. It must also be noted that the aggregate of the arrears debts, of which extended repayment agreements have been concluded, may not exceed the dedicated, reserve provided for.

3.3 Working Capital Reserve

A provision for non-cash revenue not exceeding 25% of the anticipated cash to be

received for services should be made and must be separate from the provision for bad debts.

3.4 Continuous default

If a debtor fails to comply with the terms of any agreement providing for an extension of time for payment, then the total of all amount due including interest and costs, shall immediately become payable without further notice to the debtor.

3.5 Extended repayment periods – Consumer accounts

3.5.1 If the overdue amount is outstanding for longer than 12 months, a minimum of 50% down payment must be made and repayment period not to exceed 12 months.

3.5.2 If the overdue balance is outstanding for less than 12 months, a minimum down payment of 25% is required and the balance to be paid over a period not exceeding 6 months.

3.5.3 The debtor should request such arrangement and shall agree to the conditions attached thereto.

3.5.4 If the conditions as agreed to be not adhered to normal credit control procedures will be implemented.

3.5.5 When a debtor applies for further extension/arrangement, services will be discontinued until final payment is received.

3.5.6 All future current accounts must be paid on due date.

4. **COMMENCEMENT AND RESUMPTION OF SERVICES**

4.1 New service connections

Connections and supply of a new service may only be made after all charges in respect of deposits and connection fees have been paid.

No electricity will be connected if there are outstanding debt regarding services on the specific stand that the previous tenant was residing. The landlord/owner shall be held responsible for all outstanding services accounts.

4.2 Resumption of discontinued services

4.2.1 If the debtor has –

4.2.1.1 paid the full amount outstanding

4.2.1.2 made an agreement with the Municipality for the payment of the amount in arrears the services will be resumed.

4.3 Unauthorised consumption, theft, damages and penalties

When established that a water or electricity meter has been tampered with by a transgressor (a consumer), the following actions are applicable:

- 4.3.1 A penalty fee payment of R10 000 for households, R20 000 for businesses and R30 000 for industrial site.
- 4.3.2 The replacement of a conventional meter with a pre-paid meter, the cost of the connection for the account of the transgressor/consumer.
- 4.3.3 The payment of an additional levy in respect of calculated average consumption since the date of deviation in consumption occurred on the account of the property involved.
- 4.3.4 No services will be rendered to the new occupant if the outstanding debt of the old occupant is not paid in full.

5. **PROCEDURE OF FINAL RESORT**

The following will facilitate this concept:

5.1 Consumer Services

- 5.1.1 A Cut-off List must be compiled within 10 day after due date of payment (15th of each month).
- 5.1.2 Services will be disconnected without any further notice.
- 5.1.3 Services may not be resumed before arrangements have been made for payment of an additional deposit, 10% late fee, arrears outstanding and reconnection fee as stipulated in the written notice.
- 5.1.4 A report must be submitted by the person involved with the discontinuation of services in respect of unoccupied premises to try and locate such owners/users before the case is referred to the attorneys.
- 5.1.5 The deposit on services of an unoccupied dwelling must be brought into account before any arrears amount are handed over to the Debt Collection Section for collection with the provision that the debtor/person stay at a known address.
- 5.1.6 The Financial Manager must submit a bi-monthly report to Council in respect of all collections recovered in order to prevent the attorney to accrue further costs in respect of untraceable cases.
- 5.1.7 In the event of cheques being returned by the Council's Bankers, the procedures are:
- 5.1.8 The person concerned will be informed by telephone/in writing of the in default of payment.
 - 5.1.8.1 The services must immediately be discontinued if the person involved does not, within 24 hours, effect cash payment or provide a

bank guaranteed cheque for the amount involved.

5.1.8.2 The person involved must be blacklisted for a period of 6 months and no cheques must be accepted from him/her.

5.1.9 If a conventional water and/or electricity consumer fails to pay their account on the prescribed due date, the conventional meter(s) will be replaced with a pre-paid meter at the cost of the consumer concerned. The criteria are the following after:

5.1.9.1 The name of the consumer of water and/or electricity appeared twice on a cut-off list.

5.1.9.2 The consumer of water and/or electricity being thrice in default of payment.

5.1.9.3 The consumer of water and/or electricity failed to comply with arrangements made to pay arrears amounts for whatever reason.

5.1.9.4 The consumer of water and/or electricity used self righteousness to re-install water and/or electricity supplies to his premises after the supply has been disconnected by the Municipality for whatever reason.

Where consumer services have been disconnected for whatever reason in terms of the Council's policy, the Municipality is obliged to install a drip valve at the consumer concerned until all outstanding debt is paid in full.

5.3 Write-off of Irrecoverable Debts: Conditions

5.3.1 Where the debtor is untraceable.

5.3.2 Insolvency of debtor.

5.3.3 Where a contribution obligation may exist on sequestration of a business or individual.

5.3.4 The debtor has no movable or immovable property at his disposal.

5.3.5 The cost of collection exceeds the debt.

6. **DEBT COLLECTION**

6.1 Procedures for the collection of outstanding debt on all debtors

6.1.1 Dispatch of accounts and payment thereof by the debtor within the prescribed time indicated on the account.

6.1.2 In the event of non/default payment of the account summons must be issued by the Debt Collection Section to those concerned.

/policy/nt

GA-SEGONYANA MUNICIPALITY

**PROPERTY RATES POLICY
(FINAL)**

31 MAY 2010

(FOR IMPLEMENTATION ON 1 JULY 2010)

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GA-SEGONYANA LOCAL MUNICIPALITY

PROPERTY RATES POLICY

1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
 - b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i. Section 229 and any other applicable provisions of the Constitution;
 - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
 - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

2. DEFINITIONS

- 2.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 2.2 “**Agent**”, in relation to the owner of a property, means a person appointed by the owner of the property-
- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
 - (b) to make payments in respect of the property on behalf of the owner;
- 2.3 “**Agricultural purpose**” in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

- 2.4 **“Annually”** means once every financial year;
- 2.5 **“Category”**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
 - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6 **“Child-headed household”** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.7 **“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;
- 2.8 **“Land reform beneficiary”**, in relation to a property, means a person who -
- (a) acquired the property through -
 - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
 - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
 - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
 - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.9 **“Land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.10 **“Municipality”** means the Local Municipality of Ga-Segonyana;
- 2.11 **“Newly Rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
 - (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 2.12 **“Owner”-**
- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;

- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”,

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-

- (i) a trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

2.13 **“Privately owned towns serviced by the owner”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

2.14 **“Property”** means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

2.15 **“Public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

2.16 “**Residential property**” means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

2.17 “**Rural communal settlements**” means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

2.18 “**state trust land**” means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
 - (a) Equity

The municipality will treat all ratepayers with similar properties the same.
 - (b) Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.
 - (c) Sustainability

Rating of property will be implemented in a way that:

 - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
 - ii. Supports local, social and economic development; and
 - iii. Secures the economic sustainability of every category of ratepayer.
 - (d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

4. SCOPE OF THE POLICY

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

5. APPLICATION OF THE POLICY

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a) and (b).

- 6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

7. CATEGORIES OF PROPERTY

- 7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

- 7.1.4 Agricultural properties;
- 7.1.5 Small Holdings;
- 7.1.6 State owned properties;
- 7.1.7 Municipal properties;
- 7.1.8 Public service infrastructure referred to in the Act;
- 7.1.9 Properties owned by Public Benefit Organisations;
- 7.1.10 Churches;
- 7.1.11 Educational;
- 7.1.12 Privately Owned Towns;
- 7.1.13 Vacant Stands.

- 7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.
- 7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

8. CATEGORIES OF OWNERS

- 8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-
 - (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
 - (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
 - (c) Owners of property situated within an area affected by-
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii. serious adverse social or economic conditions.
 - (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
 - (e) Owners of properties situated in "privately owned towns" as referred to in clause 13.1 (b);

- (f) Owners of agricultural properties as referred to in clause 13.1 (c); and
- (g) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

9. PROPERTIES USED FOR MULTIPLE PURPOSES

- 9.1 Rates on properties used for multiple purposes will be levied in accordance with the “dominant use of the property”.

10. DIFFERENTIAL RATING

- 10.1 Criteria for differential rating on different categories of properties will be according to:-
- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
 - (b) The promotion of local, social and economic development of the municipality.
- 10.2 Differential rating among the various property categories will be done by way of:-
- (a) setting different cent amount in the rand for each property category; and
 - (b) by way of reductions and rebates as provided for in this policy document.

11. EXEMPTIONS AND IMPERMISSIBLE RATES

- 11.1 The following categories of property are exempted from rates:-
- (a) Municipal properties
Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.
 - (b) Residential properties
All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2010/2011 financial year the maximum reduction is determined as R25 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R10 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.
 - (c) Public Service Infrastructure
Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.14(b) of this policy is exempted from paying rates.

11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.
- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- (a) *Welfare and humanitarian*
For example PBOs providing disaster relief.
- (b) *Health Care*
For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) *Education and development*
For example PBO's providing early childhood development services for pre-school children.
- (d) *Sporting bodies*
Property used by an organization for sporting purposes on a non-professional basis:
- (e) *Cultural institutions*
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

- (f) *Museums, libraries, art galleries and botanical gardens*
Property registered in the name of private persons, open to the public and not operated for gain.
- (g) *Animal welfare*
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (h) *Cemeteries and crematoriums*
Property used for cemeteries and crematoriums.
- (i) *Welfare institutions*
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.
- (j) *Charitable institutions*
Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

12. REDUCTIONS

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
 - 12.1.1 Partial or total destruction of a property.
 - 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-

12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2009/2010 financial year the maximum reduction is determined as 80%.

12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

13. REBATES

13.1. Categories of property

(a) Business, commercial and industrial properties

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
 - a. job creation in the municipal area;
 - b. social upliftment of the local community; and
 - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
 - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
 - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
 - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 30 June for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

(b) Privately owned towns serviced by the owner

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 2.13 of this policy. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2010/2011 financial year the rebate is determined as 20%.

(c) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
 - a. the extent of rates related services rendered by the municipality in respect of such properties.
 - b. the contribution of agriculture to the local economy.
 - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
 - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2010/2011 financial year the minister has promulgated a ratio of 1:0.25.
- iii. An additional rebate of maximum 10% in total will be granted by the municipality in respect of the following:-
 - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants.
 - b. 2,5% if these residential properties are provided with potable water.
 - c. 2,5% if the farmer for the farm workers electrifies these residential properties.
 - d. 2,5% for the provision of land for burial to own farm workers or educational or recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following:-
 - a. All applications must done on a prescribed form obtained from the Finance Department Enquiries of the municipality by 30 June 2010 indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the 2011/2012 financial year and onwards must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as

- a once off requirement.
- b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.
- c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.

13.2 Categories of owners

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

(a) Indigent owners

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

(b) Child headed families

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate the head of the family must:-
 - a. occupy the property as his/her normal residence;
 - b. not be older than 18 years of age;
 - c. still be a scholar or jobless; and
 - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2010/2011 financial year this amount is determined as R3 240 per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-
 - a. occupy the property as his/her normal residence;
 - b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;

- c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
 - d. not be the owner of more than one property; and
 - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
 - ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
 - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - b. sufficient proof of income of the owner and his/her spouse;
 - c. an affidavit from the owner;
 - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
 - iii. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2010/2011 financial year the total yearly income and corresponding rebate is determined as follows:-
 - a. R0 to R35 000 per year - 40%.
 - b. R35 001 to R41 000 per year - 20%.
 - iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 13.3 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

14. PAYMENT OF RATES

- 14.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis; or
 - (b) annually, before 30 September each year.
- 14.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year or monthly consecutive payments to be settled by 30 June. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

- 14.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 14.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly installments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 14.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

15. ACCOUNTS TO BE FURNISHED

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

16. PHASING IN OF RATES

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-
- First year : 75% of the relevant rate;
 - Second year : 50% of the relevant rate; and
 - Third year : 25% of the relevant rate.
- 16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-
- First year : 100% of the relevant rate;
 - Second year : 75% of the relevant rate;
 - Third year : 50% of the relevant rate; and
 - Fourth year : 25% of the relevant rate.

17. SPECIAL RATING AREAS

- 17.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- 17.2 The following matters shall be attended to in consultation with the committee referred to in clause 17.3 whenever special rating is being considered:-
- 17.2.1 Proposed boundaries of the special rating area;
 - 17.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
 - 17.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
 - 17.2.4 Proposed financing of the improvements or projects;

- 17.2.5 Priority of projects if more than one;
 - 17.2.6 Social economic factors of the relevant community;
 - 17.2.7 Different categories of property;
 - 17.2.8 The amount of the proposed special rating;
 - 17.2.9 Details regarding the implementation of the special rating;
 - 17.2.10 The additional income that will be generated by means of this special rating.
- 17.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 17.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.
- 17.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 17.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

18. FREQUENCY OF VALUATION

- 18.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

19. COMMUNITY PARTICIPATION

- 19.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:-
- 19.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
 - 19.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
 - 19.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
 - 19.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
 - 19.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
 - 19.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

20. REGISTER OF PROPERTIES

- 20.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 20.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 20.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
 - ii. Rebate or reduction in terms of section 15,
 - iii. Phasing-in of rates in terms of section 21, and
 - iv. Exclusions as referred to in section 17.
- 20.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 20.5 The municipality will update Part A of the register during the supplementary valuation process.

- 20.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

- 21.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

22. REGULAR REVIEW PROCESSES

- 22.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and recent legislation.

23. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES

- 23.1 This policy has been approved by the Municipality in terms of Council resolution dated and takes effect on the effective date of the first valuation roll on 1 July 2010.

SUBSIDY POLICY: INDIGENT HOUSEHOLDS

1. PREAMBLE

1.1 With reference to the Constitution in particular Chapter 7 Section 152, which states:

The objects of Local Government are –

- a) “to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment and
- e) to encourage the involvement of communities and community organisations in the matters of local government.”

It is essential that the Municipality should strive within its financial and administrative capacity, to achieve the objectives quoted.

1.2 In its quest to achieve a constitutional mandate the Municipality finds itself having to deliver yet other related (but not necessarily constitutional per se) services and objectives. Amongst those is the issue of indigents and how they have to be catered for within the spirit of co-operative governance.

2. DEFINITION OF AN INDIGENT

Indigents are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be.

Any household, earning less than the amount stated by the Financial and Fiscal Commission from time to time (currently R3, 240) qualifies to be registered as indigent. In addition, three pensioners in a household qualifies for indigency. Typical examples are pensioners, students, the unemployed, disabled persons, single parents, etc.

Pensioners refers to individuals currently earning R1, 080 or less. i.e Old age grant, disability grant, etc.

3. UNIFORM TARIFF STRUCTURES

The Municipality accepts the principle of uniform tariff structures and that the equitable share is there to provide basic services but also accept the responsibility to ensure that the poor receive basic services by tailoring affordable tariffs.

The Municipality will utilise transparent cross-subsidies within and between services as well as equitable share allocations to enable poor households to gain access to at least basic

services through tariffs that cover only operating and maintenance costs.

Indigent households qualify for exemption from assessment rate payment but only upon registration as indigents.

4. REGISTERING INDIGENTS

The following steps are used to register indigents and indigent households from time to time:

- 4.1 Accessible registration points identified by Council, which are made publicly known.
- 4.2 Completion of an official registration form by the indigents on which the onus lies to submit the form at the identified registration points.
- 4.3 The required documentation, i.e. proof of income/affidavit must be attached where applicable for example letter from employer, salary advice, pension card, UIF card.

5. ADMINISTRATIVE PROCEDURES

- 5.1 The Financial Manager will approve the application and arrange the implementation of the indigent subsidy to the account holder.
- 5.2 The approval will be valid for a financial year, provided funds are available and the circumstances of the household are unchanged.
- 5.3 Indigent households will be obliged to re-apply for indigent subsidies not later than 31 May each year.
- 5.4 The subsidy will not apply to households owning more than one property.
- 5.5 On site inspection may be performed by municipal officials.
- 5.6 A person found to be indigent must be registered in a database linked to a debtors system which must be regularly updated and audit trails of all changes must be kept and checked on a monthly basis by the Internal Auditor.
- 5.7 If the status of an indigent change, the Financial Manager should be immediately informed.
- 5.8 Misusers of the system will be punished and a maximum penalty of R5 000 will be imposed when incorrect information was supplied.
- 5.9 The Financial Manager may impose other conditions and procedures deemed necessary from time to time.
- 5.10 The Council may from time to time appoint agents to assist the Financial Manager on a yearly basis to determine by survey, which of the households could be classified as indigent.

6. MAXIMUM CONSUMPTION LEVELS FOR INDIGENTS

- 6.1 To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following maximum consumption levels for indigent households per month.

Water consumption	6 kl
Electricity consumption	50 kWh.

- 6.2 If an indigent household exceeds the maximum consumption levels more than twice during a financial year, the Financial Manager has the right to withdraw the indigent subsidy for the indigent household.
- 6.3 Council delegates the Municipal Manager and Finance Manager to use workable discretion in cases of indigents who are having no facilities to access their free services (e.g. an order to pay for paraffin, candle, etc.)

7. SUSPENSION OF SERVICES TO INDIGENT HOUSEHOLDS

- 7.1 Services to classified indigent households must be suspended when indigents fail to pay for services consumed up and above determined levels which are not paid in full as levied on the monthly account.
- 7.2 Classified indigent consumers will be held responsible for services rendered and services will be suspended for any consumption up and above the subsidised levies per month as indicated below not paid for by the indigent household:

Electricity (50kWh)	R94.27 maximum
Water (6 kl)	R21.00 maximum
Sewerage/Sanitation	R73.64 maximum
Refuse	R59.00 maximum
VAT	<u>R34.71</u> maximum
Total	<u>R345.98</u>

- 7.3 If the subsidy is a lesser amount as indicated in 7.2 in accordance with the calculated equitable share allocation received from National Government per Indigent Household, the indigent consumer will be held responsible for services rendered. If the customer does not pay the previous month's account he/she is going to forfeit the free basic services of the next month.

8. COLLECTION OF OUTSTANDING ARREARS AMOUNTS

The conditions of the Debt Collection Policy and By-law will prevail for the collection of any arrears amount to be collected from an indigent household.

